



VENTANA RESEARCH



The Next Generation of Finance Analytics

Broadening the Scope of Analytics to Enhance Financial Effectiveness

White Paper



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Proformative

Ventana Research performed this research to determine attitudes toward and utilization of finance analytics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate finance analytics practices and needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve finance analytics. Moreover, gaining the most benefit from finance analytics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of finance and analytics, and that the analysis and conclusions are entirely our own.

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Table of Contents

Executive Summary 5

Key Insights 10

Finance departments must improve their use of analytics.	10
Companies are slow to adopt advanced finance analytics technology.	11
Most finance departments have not adopted next-generation technologies.	11
Information technology impacts the effectiveness of finance analytics processes.	12
A performance-based culture supported by finance analytics fosters business agility.	12
Most organizations must speed up the process of delivering metrics and performance indicators.	13
Analysts don't always spend their time on the important tasks.	13
High-quality data is key for effective analytics processes and practices.	14
Training analysts to create analytics is essential to an organization's ability to use analytics effectively.	15
The use of external data is essential for finance analytics.	15
Companies use a limited set of analytical measures in their long-range planning process.	16
A corporation's performance in finance analytics affects its potential for long-term success.	17

10 Best Practice Recommendations 18

Take a comprehensive approach to addressing issues in finance analytics.	18
Use finance analytics to promote a measurement culture throughout the organization.	18
Improve and advance Finance's use of analytics.	19
Evaluate advanced finance analytics technology.	19
Use metrics and performance indicators, and deliver them in a timely fashion.	20
Provide training for people who create finance analytics.	20
Enable your analysts to spend their time on important tasks.	21
Address data issues early in developing finance analytics.	21
Include external data in the mix of sources for finance analytics.	22
Use appropriate analytical measures in long-range planning.	22

About Ventana Research 23

Appendix: About This Benchmark Research 24

Methodology	24
Qualification	24
Demographics	25
Company Size by Workforce	26
Company Size by Annual Revenue	26
Geographic Distribution	27



Industry 27
Job Title 27
Role by Functional Area 28



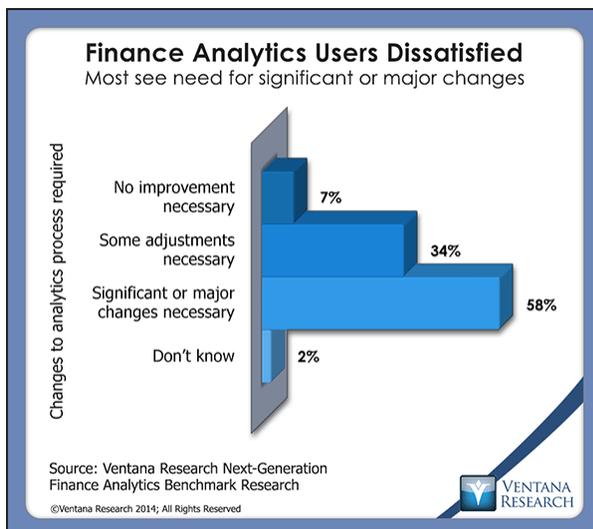
Executive Summary

Businesses collect, track and analyze data from a wider and deeper set of sources than ever before. They use these analytics-based insights increasingly in every aspect of their business – to assess financial performance, process quality, operational status, risk and even governance and compliance.

Analytics has long been a tool used by Finance. Yet because analytical techniques for assessing balance sheets, income statements and cash flow statements are well developed and widely accepted, finance professionals have had little incentive to broaden their palette even as the opportunities available to them have proliferated. Many of them view finance analytics as a narrowly applicable tool. As a result, Finance has largely failed to take advantage of advanced analytics to address the broader needs of today's enterprises, and thus to increase its own value.

Ventana Research undertook this benchmark research to determine the attitudes, requirements and future plans of those who engage in finance analytics and to identify the best practices of organizations that use it most effectively. We set out to examine both the common-

alities and the qualities specific to major industry sectors and across sizes of organizations. We considered how organizations conduct finance analytics, what they analyze, issues they encounter in the process and the information technology they use.



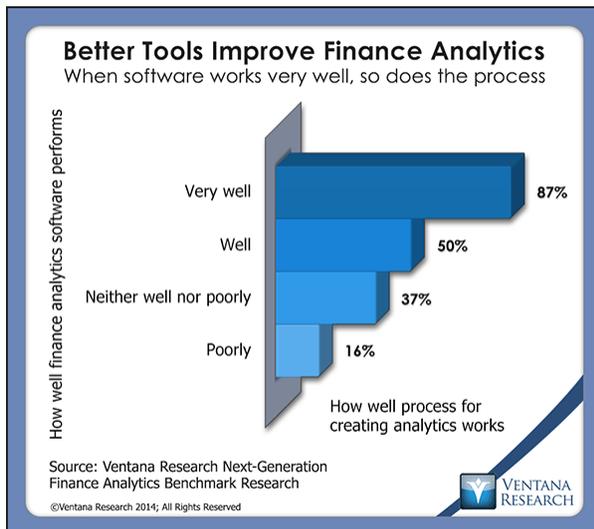
More than half (58%) of participants in this research said that significant or major changes to their process for creating finance analytics are necessary; only 7 percent said no improvements are needed. More than half also cited four specific reasons for

dissatisfaction with the process: it is too slow; it isn't adaptable to change; there aren't enough skilled people to do this work; and data used in it is inaccessible or too difficult to integrate. These issues pose impediments to effective finance analytics in the people, process and



information dimensions of performance, which are three of the four dimensions by which we evaluate an organization's performance.

The fourth dimension of performance is technology; here as well we find many participants struggling. Only 12 percent of organizations are satisfied with the technology they use to create and apply analytics; more than twice as many (27%) are not satisfied. To some extent this may be explained by the finding that 71 percent use spreadsheets for analytics, a higher percentage than any tool. Two-thirds of them said that reliance on spreadsheets makes it difficult to produce accurate and timely analytics. In contrast, fewer than half use innovative tools such as predictive analytics (44%) to assist planning and forecasting or big data (29%) to process the flood of data into today's businesses.



The research shows a correlation between the technology a company uses and how well its finance analytics process works. Two-thirds of participants who said their software works well or very well also said their finance analytics process needs little or no improvement. By comparison, just one in four of those that said significant changes must be made to the software they use have a process that needs little or no improvement.

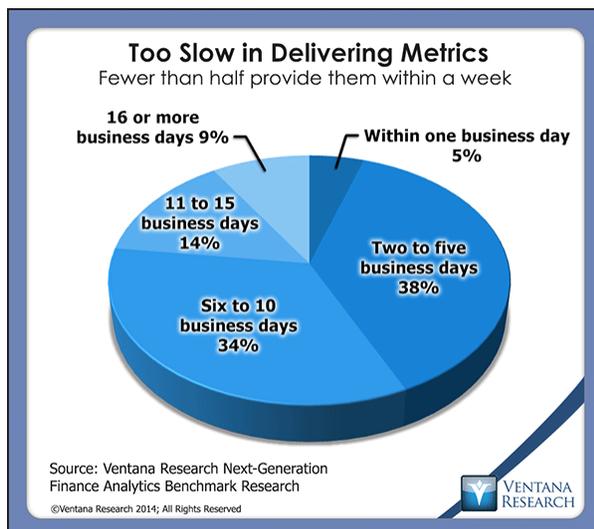
Data issues also affect the finance analytics process. A majority of companies said they have accurate data, but only 11 percent said their data is very accurate. Nine out of 10 in that small group said that their process works well or well enough, compared to less than half (43%) of those who described their data as accurate and only 22 percent of those who said it is only somewhat accurate. Data accuracy impacts companies' responsiveness as well: 85 percent of those that say they have very accurate data are able to respond immediately or soon enough to changes in business or market conditions, compared to 35 percent of those with accurate data and just 24 percent of those with somewhat accurate data. Likewise, 77 percent of those that say they have very accurate data are able to respond to changes in a coordinated or very well coordinated fashion,



but just 35 percent of those with accurate data and 14 percent with somewhat accurate data say they are able to accomplish this.

For Finance and other departments, the value of analytics lies in helping them understand and improve their performance. Analytics can help produce metrics and performance indicators that enable managers to measure, track and assess how well their people perform their duties and help illuminate what they need to do better. However, the research shows that only one-fourth of participating organizations use analytics and performance indicators to a significant extent to improve individual or business performance; most (58%) use them only to some degree.

Moreover, most cannot produce this information in a timely fashion,



which is a requirement to enable rapid response to changing conditions; it is likely that the lack of this capability affects how fully an organization uses it. The research shows that fewer than half (43%) deliver important metrics and performance indicators within a week of a period's end.

The situation with finance analytics illustrates how problems with the process and technology impede action. The research shows that

companies with a finance analytics process that works well or very well and those whose analytics software works very well can deliver these numbers within a week much more often than those in which the process and tools are less effective.

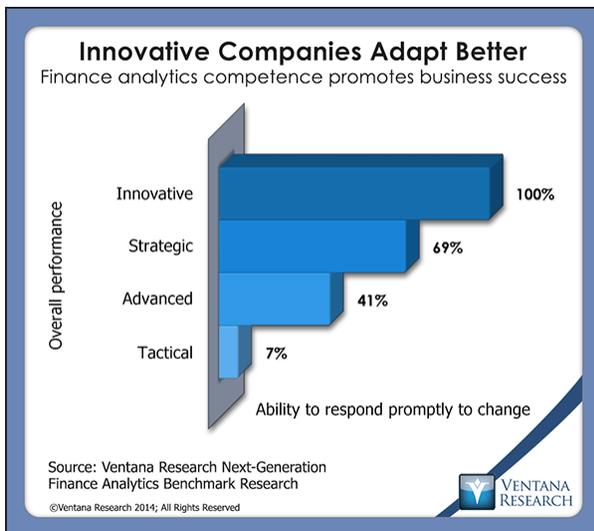
The data dimension also poses a barrier to superior performance. Analysts, the people who produce and update metrics and indicators, often spend more of their time dealing with data-related issues – waiting for it, reviewing it for quality and consistency or preparing it for analysis – than on the analysis itself. It's not surprising that many more organizations whose analysts spend the biggest part of their time working directly on analytics can deliver metrics and indicators within



a business week (56%) than can those in which they spend the most time grappling with data (36%).

Creating analytics can be a complex task even without data issues, but the research shows that fewer than one-third (31%) of companies provide training for people who create analytics. Somewhat more (38%) provide training for using analytics, but 40 percent offer no training in analytics at all. Providing training appears to pay off: In half of the companies that train analytics creators, analysts spend the largest amount of their time in analysis (twice as many as others), but in three-fourths of those that provide training only for users or no training the analysts spend most of their time on data-related tasks.

Adding to the woes of organizations that have trouble managing the data they need for finance analytics, the research uncovers another area of pain: external information about markets, economies and industries, which is increasingly important in today's intensely competitive environment. Most participating companies (63%) can access only some information from outside; as many can't get any as can get all they need (14% each). Using such information is beneficial:



Two-thirds of companies that can access all the external data they need said they are able to respond to changes in market and economic conditions immediately or soon enough, compared to 43 percent of those that can access only some information and just 6 percent of those that cannot access external data.

Finance departments also are hindered by failing to embrace next-generation technologies that can facilitate their organization's rapid

and effective use of analytics. The research indicates that mobile technology is underused, with only 18 percent of organizations saying the use of mobile devices is important. This inevitably will change as finance departments pursue improved organizational productivity, as mobile technology can make metrics and key indicators more readily available. Collaboration, another next-generation technology, will be



incorporated – two-thirds of participants say they will embrace it going forward – for the same reason: It offers an opportunity for finance organizations to facilitate rapid decision-making and more effective planning.

We conclude from this research and our Performance Index analysis of its findings that most organizations have a long way to go to use finance analytics well enough to make a significant contribution to their business effectiveness. We rate only 9 percent of all participants Innovative, the highest of four levels in our performance hierarchy. These companies are able to react rapidly enough to changes in their business environment and do so in a well-coordinated manner. In contrast, the largest percentage (37%) rank at the lowest Tactical level of performance, and 31 percent more are at the second-lowest Advanced level. Companies struggle most in the Process dimension, where two out of three are Tactical, but at least 65 percent rank at the two lowest levels for all four dimensions.

Analytics can be a valuable tool for finance departments and can help them play more significant roles in their organizations overall, which many finance professionals now want to do. Until more of them make the often extensive changes and investments the research shows they need, however, this goal will be more of a hope than a promise.



Key Insights

This benchmark research yielded the following important general findings and key insights regarding the use of finance analytics. (We discuss performance levels in the Performance Index portion of the full research report; the actual questions asked in our survey are in an appendix to the research report. Specifics of organization sizes are in the appendix "About This Benchmark Research.")

Finance departments must improve their use of analytics.

The research finds that most companies believe they should improve their use of finance analytics. More than half (58%) of participants said

Fewer than half (44% each) of participants use proven newer techniques such as predictive analytics and leading indicators to assist planning and forecasting.

that significant or major changes to their process for creating finance analytics are necessary; only 7 percent said no improvements are needed. Four reasons for dissatisfaction were cited by more than half of the research participants: too slow a process; one not adaptable to change; a lack of enough skilled people to do the work; and data that is inaccessible or too difficult to integrate.

Although analysis is essential to finance departments, the research confirms that their focus remains on the basics. Fewer

than half (44% each) of participants use proven newer techniques such as predictive analytics and leading indicators to assist planning and forecasting. Nearly three out of four (73%) do not include assessments of relevant economic or market data and trends in their analytics, and fewer than half assess customer and product profitability; any of these could increase the contribution of those analyses to the overall success of the company. Improving finance analytics must be a priority for finance departments that want to play a more strategic role in their company.



Companies are slow to adopt advanced finance analytics technology.

Using appropriate technology well is crucial to the effective use of analytics, yet only 12 percent of organizations are satisfied with the technology they use to create and apply analytics; more than twice as many (27%) are not satisfied. We think it not

Only 12 percent of organizations are satisfied with the technology they use to create and apply analytics; more than twice as many (27%) are not satisfied.

coincidental that the research shows spreadsheets are the tool finance departments use most commonly for analytics (cited by 71%). Spreadsheets may be the appropriate technology for ad-hoc and exploratory analyses but not for collaborative enterprise processes. The research shows that two-thirds of participants recognize this: They said that reliance on spreadsheets makes it difficult to produce accurate and timely analytics.

In contrast, fewer than one-third (29%) of companies use big data technology to support their finance analytics, even though this technology can handle the flood of data into today's businesses and can help produce more useful analytics and support advanced techniques such as predictive analytics. Our assessment of companies' performance in creating and using finance analytics places two-thirds (68%) of them in the bottom half of our Performance Index assessment of competence. Fewer than one in 10 have the skills, techniques, data quality and technology necessary to reach the highest Innovative level of performance.

Most finance departments have not adopted next-generation technologies.

Asked about five key new technologies that in addition to analytics can improve organizational performance, only 18 percent of participants said the use of mobile devices is important. This may change, though, with 38 percent using it today and growth certain to occur in the use of smartphones and tablets. The driver for this growth will be increasing productivity, as mobile technology can provide more expedient access to metrics. Another of these technologies, the enablement of collaboration, was identified by participants as the most important new tool after analytics itself. While only one-quarter (23%)



plan to use it in the next year, two-thirds of participants said they will embrace collaboration going forward. Collaborative capabilities offer an opportunity for finance organizations to facilitate rapid decision-making and more effective planning.

Information technology impacts the effectiveness of finance analytics processes.

Almost all companies need to improve their process for creating finance analytics. A mere 7 percent of research participants said no improvement is necessary. One-third said that their process works well enough but some adjustments are needed, but nearly half (45%) said that significant changes are necessary and another 13 percent said major changes must be made. At least some of those changes likely involve the available information technology and the data it uses.

Two-thirds of participants who said their software works well or very well also said their finance analytics process needs little or no improvement.



The research shows a correlation between the technology a company uses and how well its finance analytics process works. Two-thirds of participants who said their software works well or very well also said their finance analytics process needs little or no improvement. By comparison, just one in four (27%) of those who said significant changes must be made to the software they use have a process that needs little or no improvement. Data quality also affects the finance analytics process. Almost all (92%) of the participants who said their organization has very accurate data also said that their process works well or well enough, compared to 43 percent of those who described their data as accurate and only 22 percent of those who said it is only somewhat accurate.

A performance-based culture supported by finance analytics fosters business agility.

The research shows that only one-fourth of participating organizations use analytics and performance indicators to a significant extent to improve individual or business performance; most (58%) use them only to some degree. The research also finds a correlation between the



use of analytics, metrics and performance indicators and a company's agility: Companies that use these tools significantly also are better able to respond in a coordinated fashion when business, market or economic conditions change. Seven in 10 of those that use metrics significantly can respond to change in a coordinated or very well coordinated fashion, compared to just 23 percent that use them somewhat and none of those that use them not much or not at all. In contrast, nearly half (46%) of the last group said their company reacts to change in an uncoordinated fashion, compared to only 15 percent of those that use metrics significantly or somewhat.

Most organizations must speed up the process of delivering metrics and performance indicators.

Speed is essential in delivering metrics and performance indicators if they are to be useful for strategic decision-making, competitive positioning and performance. Companies that can respond sooner to

The research finds that fewer than half (43%) of companies are able to deliver important metrics and performance indicators within a week of a period's end.

opportunities and threats are more able to adjust to changing business conditions. The research finds that fewer than half (43%) of companies are able to deliver important metrics and performance indicators within a week of a period's end. Analysis indicates that this is largely a process issue: Companies that have a process for creating and using finance analytics that works well or very well deliver these numbers sooner than those with a process that is merely adequate or less than adequate. Software plays a role as well. Almost twice as many companies whose analytics software works very well across a spectrum of processes and

functions can deliver these numbers within a week (63%) as can those that have software that does not work very well (36%).

Analysts don't always spend their time on the important tasks.

One way to speed up the delivery of analytics is to have analysts focus their time on the analytics. But the research shows that not many do: A majority of analysts spend the biggest chunk of their time dealing with data-related issues rather than on the analysis itself. Two-thirds



(68%) of participants reported that they spend the most time dealing with the data used in their analytics – waiting for it, reviewing it for quality and consistency or preparing it for analysis. Only one-fourth (28%) said their efforts focus most on analysis and trying to determine root causes, which are the main reasons for doing the analysis in the first place. More than half (56%) of the companies that spend the biggest part of their time working on analytics can deliver metrics and indicators within a business week, compared to just one-third (36%) of those that spend the biggest part of the time grappling with data issues. Having quality, timely and accessible data is therefore essential to reaping the benefits of finance analytics.

High-quality data is key for effective analytics processes and practices.

While a majority of companies said they have accurate data, only 11 percent said theirs is very accurate. The degree of accuracy is important. For one thing, it correlates to agility. Almost all (85%)

Having data that is accurate and timely enables companies to respond immediately or soon enough to changes in business or market conditions and react in a coordinated fashion.

companies with very accurate data are able to respond immediately or soon enough to changes in business or market conditions, but 35 percent of those with accurate data and just 24 percent of those with somewhat accurate data are able to do so. Moreover, having data that is timely enables companies to react in a coordinated fashion. Almost all (86%) companies whose data is all up-to-date said they are able to react to change in a coordinated or very well coordinated fashion, compared to just 38 percent of those whose data is mostly up-to-date and 19 percent that have a significant percentage

of stale data. Three-fourths (77%) of companies that have very accurate data are able to respond to changes in a coordinated or very well coordinated fashion, but just one-third (35%) of those with accurate data and 14 percent with somewhat accurate data are able to accomplish this.



Training analysts to create analytics is essential to an organization's ability to use analytics effectively.

Creating analytics can be complex, so it makes sense to train people who do it. Yet the research shows that fewer than one-third (31%) of companies provide training for people who create analytics. Training is most common in very large companies, 70 percent of which provide it

A large majority (83%) of companies that provide training in creating analytics have staffs whose skills they deem excellent or above average.

in some form. Training is vital to building analyst skills, especially when it comes to creating analytics. The research finds that a large majority (83%) of the companies that provide training in creating analytics have staffs whose skills they deem excellent or above average, compared to half (52%) that provide training only in using analytics and just one-third (33%) of those that provide no training at all.

Training those who create analytics also helps ensure that time spent on analytics is used as effectively as possible. About half

(47%) of the companies that train analytics creators spend the largest amount of their time where they should – in working with the analytics to get answers or model business issues and analysis – compared to 27 percent of organizations that only provide training for users and 20 percent that provide no training. The same percentage (47%) of companies that train creators of analytics spend the largest amount of time on data-related tasks (waiting for data, preparing it and reviewing it for errors) rather than on analysis, but that is many fewer than those that provide only training for users (73%) or no training (76%). Fully half of companies that provide training for creators also use analytics and performance indicators to improve individual or business unit performance, many more than those that train only users (20%) or provide no training (17%).

The use of external data is essential for finance analytics.

Using data from external sources adds another dimension to finance analytics and helps companies react to change in a timely and coordinated manner. Two-thirds (67%) of companies that can access all of the external data they need said they are able to respond to changes in market and economic conditions immediately or soon



enough, compared to 43 percent of those that can access some information and only 6 percent that cannot access external data. Coordination also improves when external data is incorporated into analyses: Two-thirds of companies that can access all of the external data they need are also able to react in a coordinated or very well coordinated way when conditions change, compared to one-third of those that can access some information and 13 percent that cannot access external data.

Companies use a limited set of analytical measures in their long-range planning process.

Analytics plays an important role in long-range planning, which is the process of quantifying the strategic plan. It translates high-level, longer-term objectives into numbers so that goals become specific and performance toward achieving those goals can be assessed. The research shows that companies use a limited set of measures in assessing their long-term plans. On average they employ four, but one-fourth use only one or two measures.

Almost all (91%) employ financial measures for their plans. Market growth (used by 58%) and market share (45%) are the next-most frequently used in constructing their long-term plans. These measures

Only one-third of companies utilize both market growth and market share in their long-range plans, and just 27 percent incorporate shareholder value in these plans.

are important for presenting the underlying assumptions behind the plan because they tie internal financial projections to external measures that quantify the business environment in which a company operates. Together, they represent the explicit assumptions that shape a company's assessment of its overall opportunity and its competitiveness and therefore are important for judging management's expected performance. Yet only one-third of companies utilize both market growth and market share in their long-range plans. Overall, just 27 percent incorporate shareholder value in their long-range plans.

What's worse, only 18 percent of companies with 1,000 or more employees do so, even though these organizations are more likely than smaller ones to have shareholders who are not executives or employees.



A corporation's performance in finance analytics affects its potential for long-term success.

A company with poor data quality, inadequate communications and an overreliance on desktop spreadsheets inevitably will find its ability to perform well in the use of finance analytics to be hobbled. This reality is reflected in our Performance Index analysis, which places two-thirds of participating organizations in the two lowest levels of our four-tier performance hierarchy. Among the four dimensions in which we segment performance, most organizations perform poorly in Process, where 65 percent rank at the lowest Tactical level. Competence in this area correlates with responsiveness to change and adaptability to marketplace challenges, two qualities that contribute to long-term business success. All of those at the highest Innovative level and most at the second-highest Strategic level are able to react rapidly enough to changes in their business environment, while fewer than half of those at the second-lowest Advanced level and almost none at the Tactical level are capable of this. Innovative companies also are more adaptable. All of them can react to significant changes in their environment in a coordinated manner, while only one-third of Advanced companies and almost no Tactical companies can do so. Indeed, one-third of Tactical companies experience a considerable lag before they're able to react to change and then can do so only in an uncoordinated fashion.



10 Best Practice Recommendations

This benchmark research reveals significant new insights into the evolving nature and use of finance analytics. For organizations considering how to optimize these analytics and enable Finance to play a more strategic role, we offer the following recommendations.

1. Take a comprehensive approach to addressing issues in finance analytics.

• Our benchmark research consistently finds that organizational performance is the result of interrelated people, process, information and technology dimensions. Therefore we recommend adopting a broad orientation to manage all four of these elements, because any one can impact the others. For example, companies that have unreliable data and poorly performing analytics software often have inefficient finance analytics processes because they must spend considerable time and effort trying to overcome these issues. We found this to be the case with finance analytics. Most companies that rank at the highest Innovative or next-highest Strategic level of our Performance Index have a process for creating finance analytics that works well, while almost none of those at the lowest Tactical level said their process works very well. Indeed, almost all (93%) Tactical companies said their process needs significant or major changes.

2. Use finance analytics to promote a measurement culture throughout the organization.

• We urge organizations to embrace a measurement culture that establishes and tracks objective performance benchmarks that are crafted to align with their business strategy. Analytics can help businesses create strategies, set goals and assess performance. Focus your finance department on improving its processes for creating and using analytics; high-quality finance analytics processes produce accurate and timely information, which is essential to instilling and reinforcing a measurement culture and, more important, to superior decision-making. Such an orientation in turn makes it easier to create performance metrics, measure how well individuals or business units perform to these metrics and ensure that those who meet or exceed their goals are properly rewarded.



3. Improve and advance Finance’s use of analytics.

Most companies in the research said they need to improve their use of finance analytics. More than half (58%) of participants said that significant or major changes to their process for creating finance analytics are necessary, and more than half cited four reasons for dissatisfaction with it: that the process is too slow; that it is not adaptable to change; that there aren’t enough skilled people to do the work; and that data that is inaccessible or too difficult to integrate. We recommend going beyond the basics in finance analytics – adopting, for example, predictive analytics to anticipate change and leading indicators to assist planning and forecasting; fewer than half (44%) now use them, so they could put your organization ahead of others. Likewise, include in the analytics advanced kinds of information such as relevant economic or market data and trends (used by only 27%) or customer and product profitability (used by only two out of five). Improving the use of analytics must be a priority for a finance department that wants to play a more strategic role in its company.

4. Evaluate advanced finance analytics technology.

The research shows that more than twice as many organizations are not satisfied (27%) with the technology they use to create and apply analytics as are satisfied (12%) with it. A likely reason for this is that 71 percent use spreadsheets as their primary tool for analytics; among them two out of three said that reliance on spreadsheets makes it difficult to produce accurate and timely analytics. Only 12 percent use a tool designed specifically for analytics. As well, fewer than one-third (29%) use big data technology to support their finance analytics; able to handle today’s flood of data, it can help produce more useful analytics. The research also indicates that using the right tool produces results. Two-thirds of participants who said their software works well or very well also said their finance analytics processes need little or no improvement. By comparison, just 27 percent of those that said significant changes must be made to the software they use have processes that need little or no improvement. Taking finance analytics seriously requires investing in capable technology.



5. Use metrics and performance indicators, and deliver them in a timely fashion.

• The research finds a correlation between the use of analytics, metrics and performance indicators and a company's agility: Seven in 10 of those that use metrics significantly can respond to change in a coordinated or very well coordinated fashion, compared to just 23 percent that use them somewhat and none of those that use them not much or not at all. However, the research finds that fewer than half (43%) of companies are able to deliver important metrics and performance indicators within a week of a period's end. Analysis indicates that this is largely a process issue: Companies that have a process for creating and using finance analytics that works well or very well deliver these numbers sooner than those with a process that is merely adequate or less than adequate. Software plays a role as well. Almost twice as many companies whose analytics software works very well can deliver these numbers within a week (63%), compared to those that have software that does not work very well (36%). High-performing businesses typically have a measurement culture, and that relies on timely, accurate metrics and indicators.

6. Provide training for people who create finance analytics.

• Training is vital to building analyst skills, especially when it comes to creating analytics, but the research shows that fewer than one-third (31%) of companies provide training for people who create analytics. It also finds consequences: 83 percent of the companies that provide training in creating analytics have staffs whose skills are deemed excellent or above average, compared to half (52%) that provide training only in using analytics and just one-third (33%) of those that provide no training at all. Training also helps ensure that time spent on analytics is used effectively. About half (47%) of the companies that train analytics creators spend the largest amount of their time where they should – in working with the analytics to get answers or model business issues and analysis – compared to 27 percent of organizations that only provide training for users and 20 percent that provide no training. Fully half of companies that provide training for creators also use analytics and performance indicators to improve individual or business unit performance, many more than those that train only users (20%) or provide no training (17%). The



extent of training thus often reflects the effectiveness of analytics overall. Don't neglect this worthwhile investment.

7. Enable your analysts to spend their time on important tasks.

- A key responsibility of business analysts is to deliver to decision-makers insights derived from analytics. But the research shows that not many can devote themselves primarily to analysis. Instead, two-thirds (68%) of participants reported that they spend the most time dealing with the data used in their analytics – waiting for it, reviewing it for quality and consistency or preparing it for analysis. Only one-fourth (28%) said their efforts focus most on analysis and trying to determine root causes. Having to deal so much with getting data ready to use also impacts the timeliness of an analyst's results: More than half (56%) of the companies that spend the biggest part of their time working on analytics can deliver metrics and indicators within a business week, compared to just one-third (36%) of those that spend the biggest part of the time dealing with data issues. To put expert analytic talent to the best use, remove impediments from their path.

8. Address data issues early in developing finance analytics.

- The research shows the value of having accurate, timely data to use in analytics. Only 11 percent said their data is very accurate, and the degree of accuracy correlates to business agility. Almost all (85%) companies with very accurate data are able to respond immediately or soon enough to changes in business or market conditions, but the ability to respond drops off drastically for those with accurate data (35%) and somewhat accurate data (24%). Accuracy also enhances coordination. Three-fourths (77%) of companies that have very accurate data are able to respond to changes in a coordinated or very well coordinated fashion, but just one-third (35%) of those with accurate data and 14 percent with somewhat accurate data are able to accomplish this. Similarly, almost all (86%) companies in which all data is up-to-date react to change in a coordinated or very well coordinated fashion, compared to just 38 percent of those whose data is mostly up-to-date and 19 percent that have a mix of up-to-date and stale data. Therefore, improving finance



analytics requires information management tools and practices that can make accurate, timely data throughout the process.

9. Include external data in the mix of sources for finance analytics.

Using data from external sources adds another dimension to finance analytics and helps companies react to change in a timely and coordinated manner. Two-thirds of those that can access all of the external data they need said they are able to respond to changes in market and economic conditions immediately or soon enough, compared to 43 percent of those that can access some information and only 6 percent that cannot access external data. Coordination also improves when external data is incorporated into analyses: Two-thirds of companies that can access all of the external data they need are also able to react in a coordinated or very well coordinated way when conditions change, compared to one-third of those that can access some information and 13 percent that cannot access external data. Expand your efforts to provide complete, accessible data for finance analytics to incorporate sources beyond the firewall.

10. Use appropriate analytical measures in long-range planning.

In long-range planning, analytics translates high-level, longer-term objectives into numbers so that goals become specific and performance toward achieving those goals can be objectively assessed. Evaluate the measures your organization uses to assess its long-term plans, and don't settle for only the most basic. Companies in the research on average employ four measures, but one-fourth use only one or two. After financial measures, which 91 percent use, market growth (58%) and market share (45%) are the most frequently used, but only one in three use both of them in their long-range plans. We recommend using these measures, which tie internal financial projections to external measures that quantify the business environment in which a company operates. Together, they represent explicit assumptions of a company's assessment of its overall opportunity and its competitiveness and therefore are important for judging management's expected performance. Also consider incorporating shareholder value in your long-range plans, which just 27 percent of all companies and only 18 percent of those with 1,000 or more employees do.



About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#) and [Google+](#).

To learn how Ventana Research advances the maturity of organizations' use of information and technology through benchmark research, education and advisory services, visit www.ventanaresearch.com.



Appendix: About This Benchmark Research

Methodology

Ventana Research conducted this benchmark research on the Web from September through December 2013. We solicited survey participation via email, our website and social media invitations. Email invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic to participants prior to their entry into the survey:

Businesses use analytics increasingly in every aspect of their organization. Yet Finance has largely failed to take advantage of advanced analytics to address the broader needs of today's enterprises and thus increase its own value. This Ventana Research benchmark research will explore in detail how Finance can improve its performance using analytics and next-generation technologies and examine issues associated with finance organizations and their intersections with business processes including human resources, sales, customer and operations areas.

The following promotion incited participants to complete the survey:

What's In It For You? Upon completion of the research, all qualified participants will receive a report on the findings of this benchmark research to support their organization's efforts, along with a \$5 Amazon.com gift certificate. In addition, all qualified participants will be entered into a drawing to win one of 25 benchmark research reports and a 30-minute consultation, a package valued at US\$1,495 or €1,232. Thank you for your participation!

Qualification

We designed the research to assess the use of and plans for spreadsheets across organizations and industries. Qualification to participate was presented to participants as follows:



The survey for this benchmark research is designed for finance analysts, managers and executives involved with the use and purchasing of technology for this area and for IT professionals who support this area in Finance. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives and their input will be used only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company email address that can be used for fulfillment of incentives.

Further qualification evaluation of respondents was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

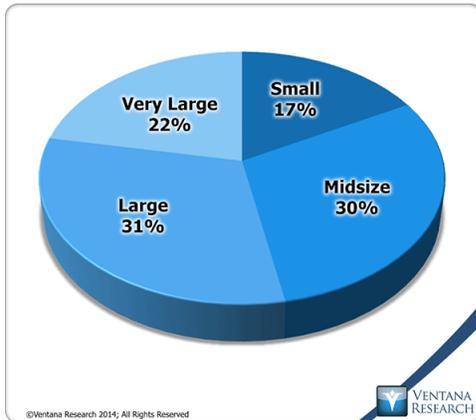
Demographics

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 116 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.



Company Size by Workforce

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization, measured in

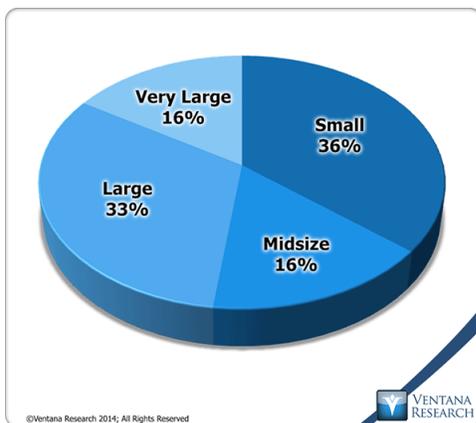


this instance by employees, is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, participants represented a broad range of organization sizes: 22 percent work in very large companies (having 10,000 or more employees), 31 percent work in large companies (with 1,000 to 9,999 employees), 30 percent work in midsize companies (with 100 to 999 employ-

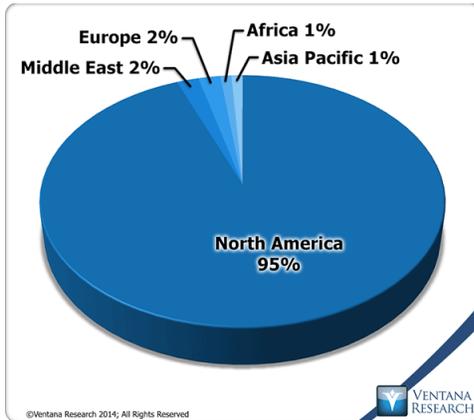
ees), and 17 percent work in small companies (with fewer than 100 employees). This distribution is consistent with prior benchmark research and our research objectives and provides a suitably large sample from each size category.

Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of categories shifted downward; fewer companies fell into the very large and midsize categories and more than twice as many are small. By this measure, 6 percent fewer are very large companies (having revenue of more than US\$10 billion), 2 percent more are large companies (having revenue from US\$500 million to US\$10 billion), 14 percent fewer are midsize companies (having revenue from US\$100 to US\$500 million), and 19 percent more are small companies (with revenue of less than US\$100 million). This sort of redistribution is typical in our research projects when we

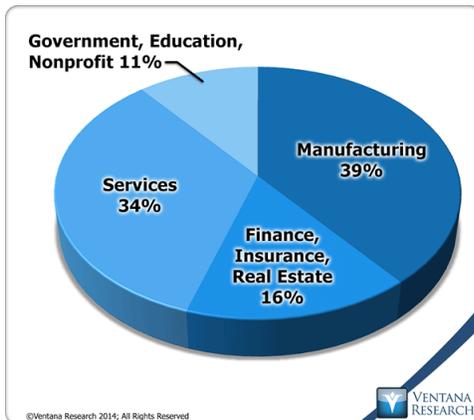


measure by revenue instead of head count.



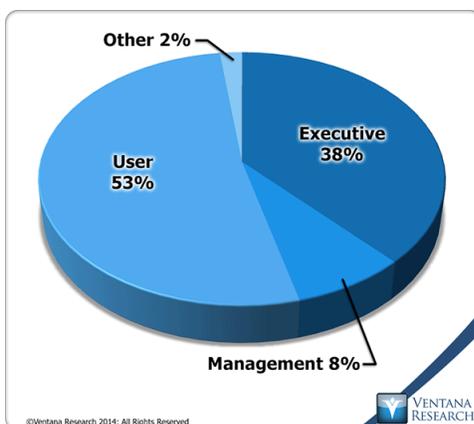
Geographic Distribution

All but 5 percent of the participants were from companies located or headquartered in North America. This result was basically in keeping with our expectations at the start of this investigation, though more extreme than usual, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.



Industry

The companies of the participants in this benchmark research represented a broad range of industries, which we have categorized into four general categories as shown below. Companies in manufacturing and those that provide services accounted for nearly three out of four (73%). Those in finance, insurance and real estate accounted for 16 percent, and government, education and nonprofits accounted for the balance.



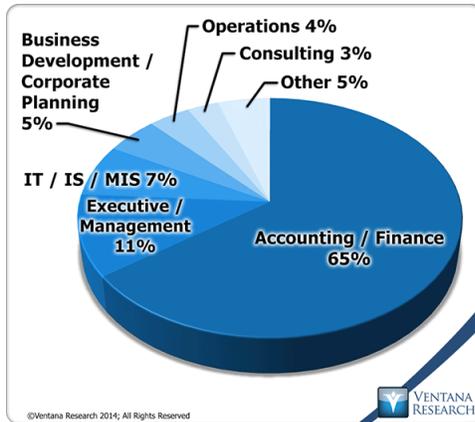
Job Title

We asked participants to choose from among 13 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and others. Slightly more than half identified themselves as having titles that we categorize as users, a grouping that includes director (16%), senior manager or manager (17%), analyst (18%) and staff (1%). More than one-third are executives; most of them

(30%) are CFOs or heads of Finance. Another 8 percent are



management, by which we mean vice presidents. Others, in this case consultants, accounted for the balance. We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.



Role by Functional Area

We asked participants to identify their functional area of responsibility as well. This enabled us to identify differences between participants who have differing roles in the organization. Predictably, nearly two-thirds of the participants identified themselves as being in the finance or accounting function. One in nine are executives or management; 7 percent work in IT and 5 percent in business development or corporate planning. Five

titles, none with more than 2 percent of the total, comprised the Other category.